

Message Text

LIMITED OFFICIAL USE

PAGE 01 KARACH 00842 130427Z

43

ACTION EB-07

INFO OCT-01 EA-06 NEA-09 ISO-00 CIAE-00 COME-00 DODE-00

DOT-00 FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-03

TRSE-00 L-02 PA-01 PRS-01 USIA-06 /045 W

----- 108903

R 130300Z MAY 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 8843

INFO AMEMBASSY ISLAMABAD

AMCONSUL LAHORE

AMCONSUL HONG KONG

AMEMBASSY TOKYO

LIMITED OFFICIAL USE KARACHI 0842

E. O. 11652: N/A

TAGS: EWWT, ETRD, PK

SUBJECT: IMPOSITION OF FREIGHT INCREASE AND PORT CONGESTION
SURCHARGE AT KARACHI

REF: KARACHI 1739, AUG 23, 1974 AND PREVIOUS

SUMMARY: JAPAN/PAKISTAN/PERSIAN GULF CONFERENCE LINES
ON MAY 6 ANNOUNCED A 28 PERCENT MARINE FREIGHT INCREASE
EFFECTIVE JUNE 1, 1975. ON SAME DAY UK/PAKISTAN/INDIA CONFER-
ENCE LINES ANNOUNCED IMPOSITION OF 10 PERCENT PORT SURCHARGE
ON CARGOES FOR KARACHI EFFECTIVE MAY 6 OWING INCREASED
CONGESTION. PAKISTANI SHIPPERS AND PRESS STRONGLY PROTESTED
INCREASES WHICH MAY BE SUBJECT SOME MODIFICATION IN
CONTINUING NEGOTIATIONS. END SUMMARY.

1. ON MAY 6 THE JAPAN/PAKISTAN/PERSIAN GULF CONFERENCE
LINES, AFTER MEETING WITH PAK SHIPPERS COUNCIL IN KARACHI,
ANNOUNCED A 28 PERCENT INCREASE IN FREIGHT RATES TO TAKE EFFECT
JUNE 1. INCREASE REPORTEDLY DUE TO RAPIDLY RISING
OPERATIONAL COSTS OF SHIPPING COMPANIES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KARACH 00842 130427Z

2. PAKISTAN SHIPPERS COUNCIL REACTED STRONGLY, CLAIMING THAT 28 PERCENT INCREASE THIS YEAR ON TOP OF 22 1/2 PERCENT INCREASE LAST YEAR WAS UNREASONABLE. COUNCIL CLAIMED THAT CONFERENCE SHARE OF TOTAL CARGO TO FAR EAST IN CALENDAR YEAR ONLY ABOUT 45 PERCENT AND THEREFORE CONFERENCE NOT IN POSITION TO ESTABLISH PREVAILING FREIGHT RATES. SHIPPERS COUNCIL CLAIMED THEY WOULD NOT UTILIZE CONFERENCE LINES AT INCREASED RATES AND SUGGESTED CONFERENCE SHIPS WITHDRAW FROM PAK TRADE. SHIPPING COMPANIES, ON OTHER HAND, CLAIM OPERATIONAL COSTS HAVE INCREASED 31 PERCENT IN LAST 12 MONTHS AND THAT 28 PERCENT FREIGHT INCREASE ENTIRELY JUSTIFIED. THEY ARGUE THAT OTHER PORTS WILL BE EXPERIENCING SIMILAR INCREASES AND THUS PAKISTAN WILL NOT BE DISADVANTAGED.

3. UK/PAKISTAN/INDIA CONFERENCE LINE HAS ALSO ANNOUNCED IMPOSITION OF A 10 PERCENT PORT CONGESTION SURCHARGE ON IMPORT AND EXPORT CARGOES THROUGH KARACHI EFFECTIVE MAY 6, 1975 BECAUSE OF MOUNTING CONGESTION AT KARACHI PORT. KPT CHAIRMAN REACTED STRONGLY TO ANNOUNCEMENT OF SURCHARGE, POINTING OUT THAT AT TIME OF ANNOUNCEMENT NOT ONE CONFERENCE LINE SHIP WAS WAITING OFF PORT AND THAT KPT HAD BEEN GIVING PREFERENTIAL TREATMENT TO CONFERENCE SHIPS IN ORDER TO EXPEDITE THEIR TURNAROUND.

4. COMMENT: ALTHOUGH KPT OFFICIALS IN CONVERSATIONS WITH CONGENOFFS, MAINTAIN POSITION THAT WAITING TIME OFF PORT STILL AVERAGES ONLY ABOUT FIVE DAYS AND IS NOW LESS THAN IN MARCH AND THAT SURCHARGE THEREFORE UNJUSTIFIED, SHIPPERS HERE TELL US WAITING TIME IN FACT FLUCTUATES UP TO EIGHT OR TEN DAYS AND THAT SHIPS WHICH ARRIVED HERE ON MAY 1 HAVE NOT YET BEEN BERTHED ON MAY 10. GENERAL PORT OPERATIONS HAVE CERTAINLY BEEN SLOWED BY RECENT LARGE WHEAT IMPORTS WHICH GIVEN TOP PRIORITY AND WHICH HAVE TAKEN UP THREE FULL BERTHS FOR MANY WEEKS. DESPITE KPT ACTION IN RAISING PORT DEMURRAGE CHARGES IN MID 1974, CARGO CLEARANCE REMAINS A MAJOR PROBLEM SINCE STORAGE CHARGES INSIDE PORT STILL CHEAPER THAN OUTSIDE AND IMPORTERS FOR VARIOUS OTHER REASONS, INCLUDING TIGHT CREDIT, DELAY MOVING CARGO. CONTINUING DISCUSSIONS BETWEEN CONFERENCE AND KARACHI PORT OFFICIALS MAY STILL RESULT IN SOME REDUCTION SURCHARGE OR ITS ELIMINATION IN CASE OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KARACH 00842 130427Z

EXPORTS, AS KPT CHAIRMAN ADMIRAL HASNAIN HAS PREDICTED TO CONGENOFFS.

5. CHAMBER OF COMMERCE AND EXPORTERS HERE PROFESS CONCERN OVER ADVERSE EFFECT 28 PERCENT FREIGHT INCREASE WILL HAVE ON PAK EXPORTS OF RAW COTTON AND COTTON YARN TO FAR EAST WHICH HAVE ALREADY BEEN HURT BY WORLD SLUMP. CHAMBER OFFICIAL IN CONVERSATION WITH CONGENOFF SPOKE

OF PLANS TO POOL PRIVATE AND PUBLIC SECTOR CARGOES AND
POSSIBLY CHARTER VESSELS AT NON CONFERENCE RATES. ON
OTHER HAND, CONFERENCE LINES REPS CLAIM FREIGHT RATE
HIKE WOULD ONLY RESULT IN SMALL INCREASE IN LANDED
COST PAK RAW COTTON IN FAR EAST. ALL PARTIES ADMIT
CHANCE SOME REDUCTION IN 28 PERCENT FAR EAST FREIGHT
INCREASE DURING NEGOTIATIONS WHICH ARE NOW CONTINUING AND
BEFORE JUNE 1 WHEN INCREASE WILL GO INTO EFFECT.
BRYANT

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE CARGO, PORT FACILITIES, PRODUCTIVITY, PORT CHARGES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KARACH00842
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750167-0782
From: KARACHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750558/aaaacaip.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 KARACHI 1739, 75 AUG 23, 75 1974
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2003 by KelleyW0>; APPROVED <14 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPOSITION OF FREIGHT INCREASE AND PORT CONGESTION SURCHARGE AT KARACHI
TAGS: EWWT, ETRD, PK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006